



South Passage CSTS Meeting

May 7, 2024

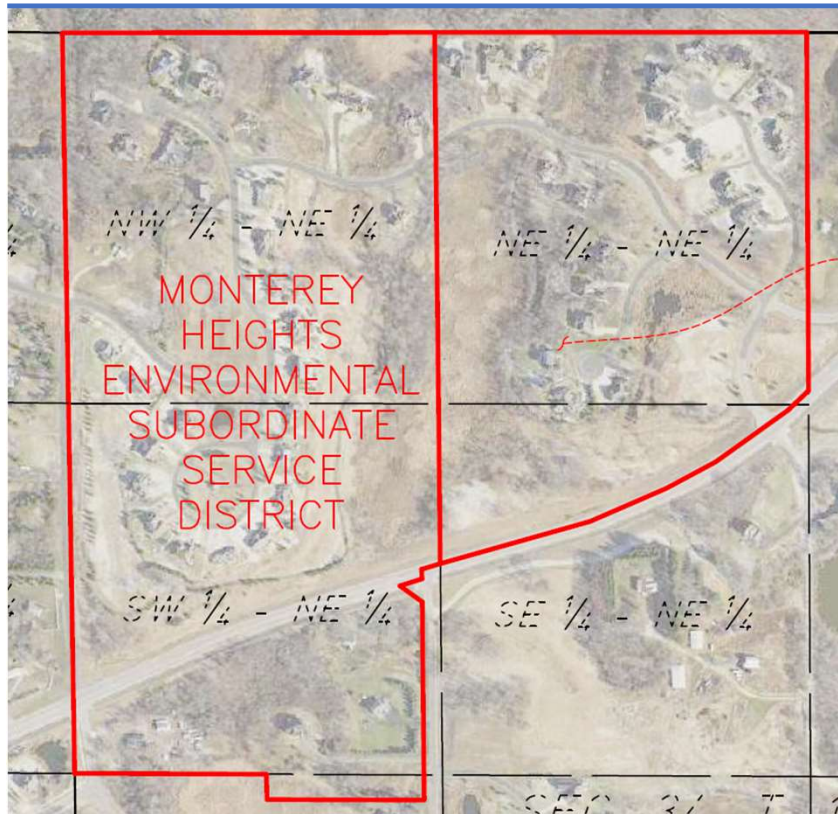


Why are we meeting?

- Issue discovered with administrative combination of Monterey Heights (MH) and South Passage (SP) Subordinate Service Districts (SSD)
- Starting conversation on how we move forward with the two SSDs
 - Separate budgets
- Discuss options on 2024 bond



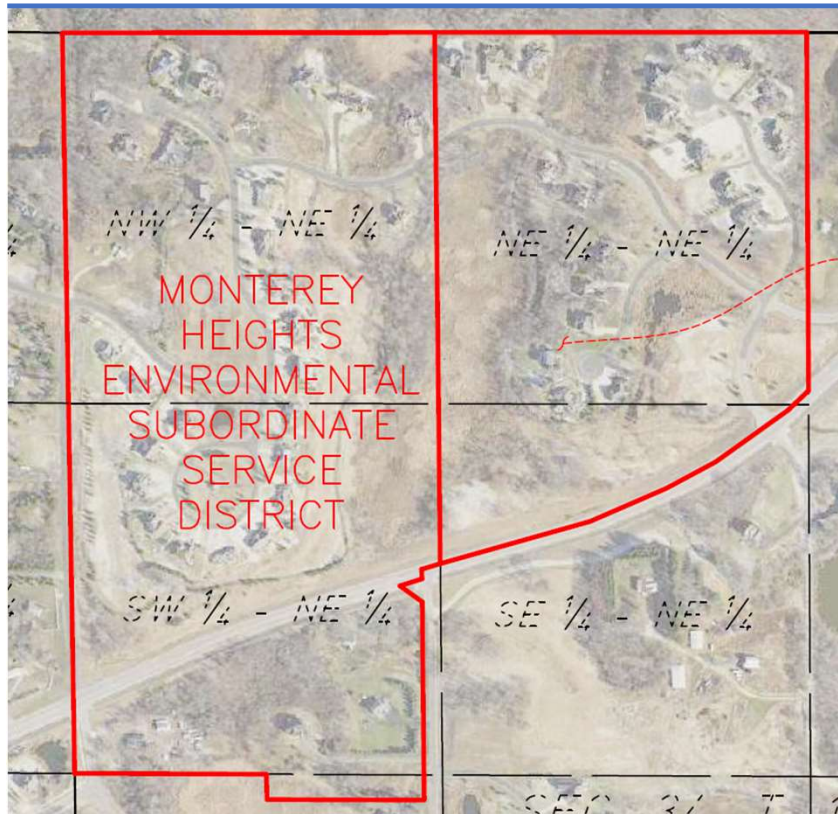
South Passage Subordinate Service District (SSD)



- Established in July 2002
- Purpose
 - To provide for the operations, maintenance, repair, replacement, renovation and long-term accountability of the community wastewater collection system
- Services
 - 20 Homes
- MPCA Permits System
- City is responsible for operations and maintenance of the system in accordance with MPCA requirements.



Monterey Heights Subordinate Service District (SSD)



- Established in December 2001
- Purpose
 - To provide for the operations, maintenance, repair, replacement, renovation and long-term accountability of the community wastewater collection system
- Services
 - 31 Homes
 - 1 Vacant Lot
- MPCA Permits System
- City is responsible for operations and maintenance of the system in accordance with MPCA requirements.



Operations and Maintenance

- Monterey Heights (MH) and South Passage (SP) have a combined MPCA permit
 - The permit defines 2 systems to serve the MH and SP neighborhoods
 - MH
 - Individual Septic tanks
 - 2- 5000-gallon recirculation tanks, 1- 2000 square foot recirculating gravel filter, 1- 3000-gallon pump tank, 14 mounds, 4 at-grade systems
 - 4 Downgradient wells
 - SP
 - Individual Septic tanks
 - 2- 3000-gallon recirculation tanks, 3 Advantex AX100 recirculating textile media filters, 1- 2000-gallon pump tank, 12 mounds
 - 3 Downgradient wells for SP
 - Class C state certified operator required to operate
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South Passage Project - 2023

- Project scope
 - Replaced 1- 1200 square foot recirculating gravel filter with
 - 3 Advantex AX100 recirculating textile media filters
- 2021 City Bonded \$150,000 for project
 - Preliminary bond based on assessment memo's estimate of need
 - Project design completed after bonding
- Project completed in 2023
- Total Project Cost: \$473,161
 - \$150,000 bond
 - \$ 144,659 reserves
 - \$ 178,502 City Interfund Loan



2024 Budget - Combined

	2023 Budget	2024 Budget	Change	
Operating Revenues				
Charges for services	\$ 96,000	\$ 163,618	\$ 67,618	
Operating Expenses				
Personal services	2,680	9,636	6,956	Administrator, Finance
Office expenses	2,140	2,269	129	
Maintenance	37,775	37,775	-	
Repairs	5,500	5,500	-	
Professional services	8,905	7,455	(1,450)	
Utilities	3,200	3,360	160	
Other expense	18,825	34,887	16,062	Jetting , inter fund int, trees
Bond & loan principal	25,000	47,850	22,850	Interfund loan 17.8k, 30k 2021 bond
Total Expense excl dep	\$ 104,025	\$ 148,732	\$ 44,707	
3 months expenses	26,006.25	37,183.00	11,176.75	
Capital	512,502.00	5,845.00	(506,657.00)	
Grand Total	\$ 616,527	\$ 154,577	\$ (461,950)	



Draft Proposed Budgets

	Monterey Heights	South Passage
Wages and Salaries	\$5,782	\$3,855
Office Expenses (Postage, Insurance, Postcards, Notices, billing software, Permit, Bank Fees)	\$1,240	\$911
Maintenance (Monitoring Svcs, Private Step Repairs, Annual Prevent)	\$22,620	\$15,080
Repairs (Emergency Services)	\$2,500	\$2,500
Professional Services (Engineer, Operations, Locating)	\$3,450	\$2300
Utilities (Electric, Vericomm, Telephone)	\$3,360	\$2,749
Other Expense (Plow, Mow, Trees, Septic Pump, Jetting)	\$14,577	\$8,777
Capital Expense	\$3,507	\$2,338
Total Operating & Capital Expenses	\$57,036	\$38,510
2021 Bond (Principal, Interest)		\$32,700
2024 Bonding Expense (Bond Issuance, City Loan Interest)		\$26,332
Reserve Funding	\$5425	\$3616
Total Budgeted Expenses	\$62,461	\$97,542



Proposed Budget and Rate Summary

	Monterey Heights	Monterey Heights Monthly Rate	South Passage	South Passage Monthly Rate
Total Operating & Capital Expenses	\$57,036	\$153.32	\$38,510	\$160.46
2021 Bond (Principal, Interest)			\$32,700	\$147.14*
2024 Bonding Expense (Bond Issuance, City Loan Interest)			\$26,332	\$109.72
Reserve Funding	\$5425	\$14.58	\$3616	\$15.07
Total Budgeted Expenses	\$62,461	\$168	\$97,542	\$432*

*Rate set to make bond payment at end of 2024.



2024 Bond Options

2021 bond repayment
included in years 2025
and 2026

New Bond Principal: \$335,000.00						
	10-year		15-year		20-year	
	Debt Service	105%*	Debt Service	105%*	Debt Service	105%*
2025	49,466	51,940	50,209	52,719	51,281	53,845
2026	47,678	50,061	43,173	45,331	43,888	46,082
2027	46,590	48,920	32,273	33,886	27,988	29,387
2028	50,330	52,847	31,553	33,130	27,448	28,820
2029	48,930	51,377	30,853	32,395	26,923	28,269
2030	47,550	49,928	35,163	36,921	26,405	27,725
2031	46,170	48,479	34,300	36,015	25,888	27,182
2032	49,770	52,259	33,425	35,096	25,363	26,631
2033	48,195	50,605	32,550	34,178	24,838	26,079
2034	46,620	48,951	31,675	33,259	24,313	25,528
2035	-	-	35,775	37,564	28,773	30,211
2036	-	-	34,680	36,414	28,043	29,445
2037	-	-	33,555	35,233	27,293	28,657
2038	-	-	32,400	34,020	26,523	27,849
2039	-	-	31,215	32,776	25,733	27,019
2040	-	-	-	-	24,923	26,169
2041	-	-	-	-	24,103	25,308
2042	-	-	-	-	28,263	29,676
2043	-	-	-	-	27,188	28,547
2044	-	-	-	-	26,100	27,405
Totals:	481,299	505,364	522,796	548,936	571,269	599,832
Averages:	48,130	50,536	34,853	36,596	28,563	29,992
Fee Per Month:	200.54	210.57	145.22	152.48	119.01	124.97
Total Interest:	\$83,598.75		\$125,096		\$173,569	
True Interest Cost:	3.76%		3.89%		4.12%	



Options/Outstanding Items

- End the administrative combination.
 - Each SSD would move forward as their own independent system and financials
- Residents could petition to formally combine the two SSDs.
 - At least 50% of the MH residents and 50% of the SP residents would need to petition for the combination
- Repayment of MH bond payments
- Lakeville Option
 - Potential future connection



Lakeville Option

- Stonebridge CSTS facing a \$877,000 project in 2024
- Connection to Lakeville sewer infrastructure is being evaluated
- Lakeville has provided preliminary confirmation that they have capacity to connect Stonebridge, Monterey Heights, and South Passage
- Ongoing work needed:
 - Formal approval of connection by Lakeville
 - Met Council approval of connection
 - MPCA approval of connection
 - MPCA approval of extension of permit to allow for these conversations to occur
 - Scott County / Dakota County Right of Way approvals
 - Formal engineering design
 - Decommissioning of existing system
- Preliminary cost estimate for the concept of \$2.3M
 - Additional costs to connect Monterey Heights, and South Passage



Additional neighborhood meetings will be scheduled to provide updates.



To keep updated CSTS matters, register for CSTS email bulletins from the City

